

INSTRUMENT PREPARED BY VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING: DOCKET NO. VGOB-06/05/16-1640-01

ELECTIONS, UNIT: 824610

(hereinafter "Subject Drilling Unit")

TAX MAP IDENTIFICATION NUMBERS:

TAX MAP IDENTIFICATION NUMBERS FOR ALL PARCELS AFFECTED BY THIS ORDER ARE SHOWN ON EXHIBITS (S) **B** WHICH IS/ARE ATTACHED TO AND A PART OF THIS ORDER.

REPORT OF BOARD

FINDINGS AND ORDER

1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas and Oil Board on June 16, 1992, at 9:00 a.m. at the Rhododendron Restaurant at the Breaks Interstate Park, Breaks, Virginia; and this Supplemental Order is being recorded for the purpose of (1) complying with the requirement of the Virginia Gas and Oil Board Regulations, 4 VAC 25-160.70C by supplementing the Order previously issued by the Board for subject Docket on June 19, 2007 and recorded instrument # 070002330 in the Office of the Clerk of Circuit Court, Buchanan County, Virginia on June 21, 2007 (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interest in Subject Drilling Unit including those of the Respondents more particularly set forth and identified by the Designated Operator in the affidavits attached hereto and made a part hereof. The Board finds it has jurisdiction over the subject matter pursuant to the provisions of the Virginia Gas and Oil Act, § 45.1-361.1 et seq., Virginia Code, 1950 as amended.

2. <u>Findings:</u> The Board finds that:

(a) The Board Order directed Chesapeake Appalachia LLC, (herein the Designated Operator"), to mail copies of the Board Order to all respondents whose interest, if any, were pooled by said Board Order;

(b) The designated operator filed its affidavit of mailing dated July 27, 2007, disclosing that it had mailed a correct copy of the Board's Order to all Respondents whose interest, if any, were pooled by said Board Order;

- (c) The Board Order required each Respondent whose interest, if any, were pooled by the terms of said Board Order to make his or her election within thirty (30) days after the date of mailing or recording, as applicable, of said Order; the Designated Operator has filed its affidavit dated January 11, 2008, in accordance with § 7.C of the Virginia Gas and Oil Board Regulations and 4 VAC 25-160.70C (herein "Affidavit of Election"), wherein it has, for each Respondent whose interest, if any, were pooled by said Board Order, stated: (i) whether each Respondent has made or failed to make a timely election; (ii) the nature of the election made, if any; (iii) whether, by reason of a failure to elect or to timely elect one or more Respondents are deemed, under the terms of the Board's Order, to have leased all their rights, title, interest, estates and claims in Subject Drilling Unit to the Designated Operator;
- (d) The Board Order further required the Designated Operator, after expiration of the election period, to file with the Board a statement of the interests subject to escrow under the terms and provisions of the Board Order, in light of the elections made or deemed to have been made (herein "Statement of Interests"); that the Designated Operator furnished said Statement of Interests as part of its Affidavit of Election. A copy of which is attached hereto as Exhibit B;
- (e) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, Wachovia Bank, N.A., VA7515, P.O. Box 14061, Roanoke, VA 24038, (540) 563-7764, Attn: Judy Barger, or any successor named by the Board, require the entry of a Supplemental Order establishing of record the elections made or deemed to have been made and specifying the sums or percentage thereof subject to escrow. Current Board escrow standards were made applicable to Subject Drilling Unit by a Board Order dated December 23, 1992.
- 3. Order: By this Order, the Board orders the Designated Operator to tender, consistent with and in accordance with the findings set forth at paragraph 2 above and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, Wachovia Bank, N.A., VA7515, P.O. Box 14061, Roanoke, VA 24038, (888) 396-0853, Attn: Judy Barger, or any successor named by the Board to establish interest-bearing escrow account(s), IRS Tax Identification Number 54-1629506, in accordance with the information set forth in said affidavits to receive such funds and account to the Board therefore.
- 4. Mailing of Order and Filing of Affidavit: The Designated Operator under the captioned Order or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that true and correct copy of this Order to each person whose interest or claim is subject to escrow and whose address is known.
- 5. <u>Conclusion:</u> Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
- 6. <u>Effective Date:</u> This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 31 st day of fa, 20 of the Virginia Gas and Oil Board.	08 by a majority
Chairman, Benny R. Wa	mpler
DONE AND PERFORMED THIS 3) day of January of this Board.	, 2008 by Order
B. R. Wilson Principal Executive to the Virginia Gas and Oil Bo	
STATE OF VIRGINIA) COUNTY OF WASHINGTON) Acknowledged on this day of Acknowledged on this day of Acknowledged on the Commonwealth of Virginia, appeared Berbeing duly sworn did depose and say that he is Chairman of the Virginia Board, and B. R. Wilson, being duly sworn did depose and say that he Executive to the Staff of the Virginia Gas and Oil Board, that they executed	e is Principal
was authorized to do so. Diane Davis, Notary 174394	Nis

My commission expires: September 30, 2009

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE: Application of Chesapeake Appalachia LLC for Forced Pooling of Interests in Unit Number 824610, VGOB Docket No. VGOB-06/05/16-1640-01 in the Knox Magisterial District of Buchanan County, Virginia.

AFFIDAVIT OF WILHOIT & KAISER, Attorneys-at-Law, Agents for the Designated Operator REGARDING ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDER

James E. Kaiser (herein Affiant), being first duly sworn on oath, deposes and says:

- 1. That the Affiant is an attorney in the law firm of WILHOIT & KAISER, the Agent for the Designated Operator, with offices located at 220 Broad Street, Kingsport, Tennessee 37660, and is authorized to give this Affidavit in its behalf;
- 2. That the Order entered on June 19, 2007, by the Virginia Gas an Oil Board regarding the captioned conventional Unit required the Applicant to mail a true and correct copy of said Order to each person pooled by said Order;
- 3. That within seven (7) days of the receipt of an executed copy of the Order referred to at Paragraph 2. above, the Affiant was directed to cause a true and correct copy of said Order to be mailed via the United States Postal Service to each Respondent named in the captioned Application, whose address was known, and to all persons, if any, who are added as Respondents at the hearing held in the captioned matter;
- 4. That the Order of the Virginia Gas and Oil Board in the captioned matter required all persons pooled thereby to tender their written elections to the Unit Operator within thirty (30) days of the date said Order was recorded in the county above named; that said Order was recorded on June 21, 2007.
- That the Designated Operator, by and through their agent, Wilhoit & Kaiser, Attorneys-at-Law, have established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interest have been pooled have made a written election, in a timely fashion, as required by the captioned Order; that said procedures were followed to identify the elections, if any, made with regard to Subject Unit; that the following persons delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day election periods:

TRACT	NAME	ELECTED
1 & 2	Wachovia Bank, N.A.	Cash Consideration
	Trustee for the Francis Bell Blakemore Trust	
	P. O. Box 40062 (FL0027)	
	Jacksonville, FL 32203-0062	

TRACT	NAME	ELECTED
1 & 2	Bank of America, Trust Department, Trustee Clark Educational Trust P. O. Box 830308 Dallas, TX 75283-0308	Cash Consideration
2	Billy R. Lester and JoAnn Lester, his wife 623 West Main Street Abingdon, VA 24210	Cash Consideration
2	Gladstone E. Smith, Jr. 3501 Hollingsworth Williamsburg, VA 23187	Cash Consideration
2	James H. Smith and Mary Margaret Smith, his wife 5930 Village Lake Court Richmond, VA 23234	Cash Consideration
2	Jerry Thomas Lester and Deborah Lester, his wife P.O. Box 127 Hurley, VA 24620	Participate
2	Buchanan Realty Company, LLC c/o John C. Irvin 4710 Hunterwood Circle Richmond, TX 77469	Participate

6. That the interest and/or claims of the following persons (who made timely elections, or who are deemed under the terms of the Board's Order to have leased, or who, subsequent to the pooling hearing held in the captioned matter, have leased or otherwise entered into an agreement with the Designated Operator) are subject to escrow under the Board's Order pooling the captioned Unit, Board Regulations and the Code of Virginia as unknown/unlocatable.

NONE

7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interest and/or claims which are not subject to escrow:

NONE

8. That the following persons have not made a timely election and have failed to enter into an agreement with the Designated Operator and their respective interests shall be deemed to have leased pursuant to and in accordance with paragraph 10 of the Order.

Tract	Lessor	Cash Consideration
2	Barbara F. Lester Kilmartin c/o The Trust Company of Virginia Courthouse Green 4097 Ironbound Road, Suite B Williamsburg, VA 32188	0.016296 X \$5.00 = \$0.08
2	Pauline Corn, and spouse or heirs 123 Greenbrier Drive Radford, VA 24141	0.001811 X \$5.00 = \$0.01
2	Archie Thornton, and spouse or heirs 121 Mimosa Dateville, VA 24083	0.001811 X \$5.00 = \$0.01
2	Ricky Defoe, and spouse or heirs 18 Leonard Street 613 New York, NY 10013	0.001811 X \$5.00 = \$0.01
2	John H. Lester and Maria N. Lester, his wife 3021 South Roan Street Johnson City, TN 39601	0.000226 X \$5.00 = \$0.001
2	Robert F. Lester, Jr. and Jennifer Lester, his wife 620 NW 89th Street Gainesville, FL 32607	0.000226 X \$5.00 = \$0.001
2	Rick Painter, and spouse or heirs 1456 Concordia Avenue St. Paul, MN 55104	0.003056 X \$5.00 = \$0.02

Tract	Lessor	Cash Consideration
2	Tim Painter, and spouse or heirs 1456 Concordia Avenue St. Paul, MN 55104	0.003056 X \$5.00 = \$0.02
2	Lawrence A. Lester and Arlene Lester, his wife 526 C Street Staunton, VA 24401-2735	0.000764 X \$5.00 = 0.003

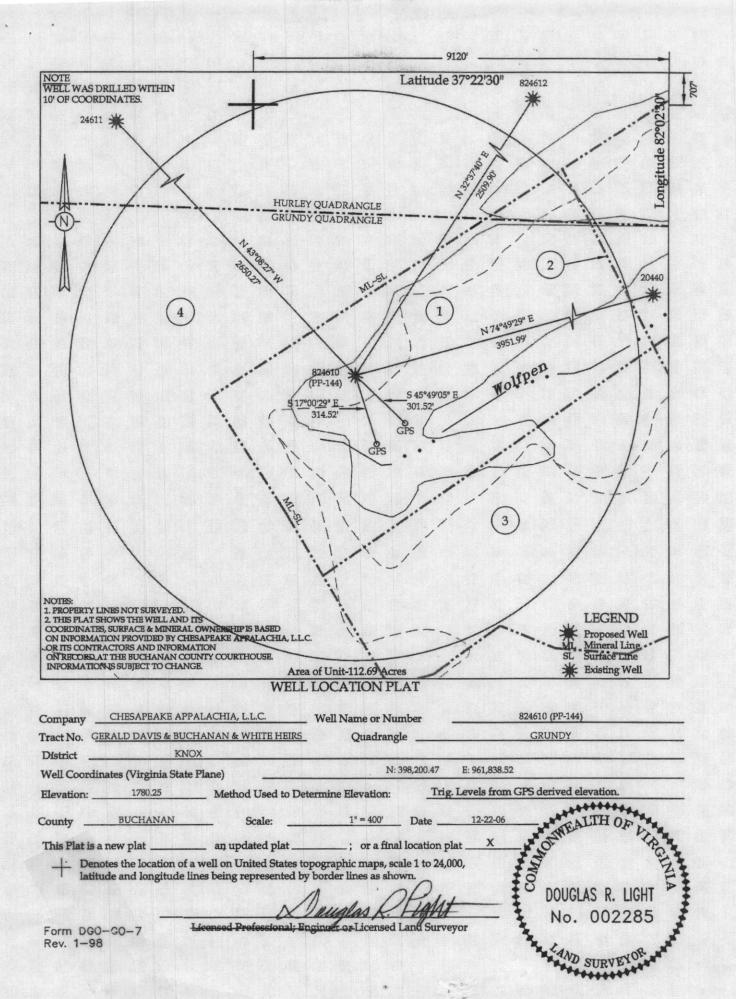
That pursuant to the provision of 4VAC 25-160.70C annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth that the services of the Escrow Agent are not required in this matter pursuant to the terms of §§ 45.1-361.21.D.

Affiant

Dated at Kingsport, Tennessee, this ______ day of _______ 2008.

My commission expires: 11-12-08

Notary



DGO-7 Supplement WELL UNIT PROPERTY OWNER INDEX CNR-824610 (PP-144)

(1)
Drill Tract
Surface:
Gerald Davis
Mineral:

Gerald Davis (2/3 Interest)
Buchanan & White Heirs (1/3 Interest)
36.77 Ac. ~ 32.63% of 112.69 Ac.

(2)
Heirs of W.A. Lester, et al (2/3 Interest)
Buchanan & White Heirs (1/3 Interest)
0.22 Ac. ~ 0.20% of 112.69 Ac.

(3) Gerald Davis (Fee) 18.65 Ac. ~ 16.55% of 112.69 Ac.

(4) Richardson & Charles Estate 57.05 Ac. ~ 50.63% of 112.69 Ac.

LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE WITHIN UNIT
TRACT 1 - 36.77 Acres in Unit			
Gerald R. Davis and Hester A. Davis, his wife P.O. Box 1260 Grundy, VA 24614	Leased	21.752891%	24.513333
Wachovia Bank, N.A. Trustee for the Francis Bell Blakemore Trust P. O. Box 40062 (FL0027) Jacksonville, FL 32203-0062	Unleased Elected Cash Basis	0.906370%	1.021389
Bank of America, Trust Department, Trustee Clark Educational Trust P. O. Box 830308 Dallas, TX 75283-0308	Unleased Elected Cash Basis	0.679778%	0.766042
send copy to:			
Bank of America Attn: Ann Brock, Assistant Vice President 1111 E. Main Street, 12th Floor P. O. Box 26688 Richmond, VA 23261-6688			
William A. Blakemore, Trustee 8499 Anderson Court Mechanicsville, VA 23116-3102	Leased	0.906370%	1.021389
John A. Blakemore, Jr., Trustee 9911 Kingsbridge Road Richmond, VA 23233	Leased	0.906370%	1.021389
Sarah B. Drummond, Trustee 1111 South Lakemont, Apt 735 Winter Park, FL 32782	Leased	0.906370%	1.021389
Mary B. Johnston, Trustee 300 Westminister Canterberry, #317 Winchester, VA 22603	Leased	0.906370%	1.021389

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LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE WITHIN UNIT
BB&T Bank, Roanoke, Virginia, Trustee Martha B. McCrary, Trust 310 First Street, 2nd. Floor Roanoke, VA 24011 Blakemore Family Trust c/o Hicok, Fern and Brown, CPAs Attn: Jiim Fern P. O. Box 821 Abingdon, VA 24212	Leased	0.906370%	1.021389
W. R. White III, Trustee James L. White Coal Trust 1500 Westbrook Ct. Apt.1145 Richmond, VA 23227-3368	Leased	1.586148%	1.787431
W.Y.C. White III, Trustee 14210 Helmsley Road Midlothian, VA 23113	Leased	1.586148%	1.787431
James L. White, Trustee P. O. Box 46 Abingdon, VA 24210 James L. White Coal Trust c/o Hicok, Fern and Brown, CPAs Attn: Jim Fern P. O. Box 821 Abingdon, VA 24212 TRACT 222 Acre in Unit	Leased	1.586148%	1.787431
Green Charles Estate c/o John H. Baird, Agent Box 351 Pikeville, KY 41501 Donald R. Johnson Attorney at Law 1950 Electric Road Roanoke, VA 24018	Leased	0.043384%	0.048889

LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE WITHIN UNIT
Barbara F. Lester Kilmartin c/o The Trust Company of Virginia Courthouse Green 4097 Ironbound Road, Suite B Williamsburg, VA 32188	Unleased Cash Basis	0.014461%	0.016296
Stephen R. Elgin P. O. Box 987 Grundy, VA 24614	Leased	0.007231%	0.008148
Meredith Ellis Jennings 542 Butler Mill Road Maryville, TN 37803	Leased	0.002410%	0.002716
Richard K. Pobst and M. Katherine Pobst, his wife 1024 Oxford Drive St. Augustine, FL 32084-1821	Leased	0.001205%	0.001358
Nancy Catherine Pobst c/o Lynn Quick, CPA 111 Postelle Street Cartersville, GA 30120-5786	Leased	0.001205%	0.001358
John W. Pobst, Jr. and Lynda L. Pobst, his wife P.O. Box 86 Revere, PA 18953	Leased	0.001205%	0.001358
Virginia P. Linwick and Phillip Gregory Linwick, her husband 4324 South Ball Drive Veradale, WA 99037	Leased	0.001205%	0.001358
Edsel Harrison Lester 5743 Club Lane Roanoke, VA 24018	Leased	0.001607%	0.001811
Pauline Corn, and spouse or heirs 123 Greenbrier Drive Radford, VA 24141	Unleased Cash Basis	0.001607%	0.001811

LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE WITHIN UNIT
Archie Thornton, and spouse or heirs 121 Mimosa Dateville, VA 24083	Unleased Cash Basis	0.001607%	0.001811
Joseph S. Paxon, widower 8714 Waxford Road Richmond, VA 23235	Leased	0.001607%	0.001811
Ricky Defoe, and spouse or heirs 18 Leonard Street 613 New York, NY 10013	Unleased Cash Basis	0.001607%	0.001811
Billy R. Lester and JoAnn Lester, his wife 623 West Main Street Abingdon, VA 24210	Unleased Elected Cash Basis	0.001607%	0.001811
Jane Lester Daffron 924 Hedgelawn Drive Richmond, VA 23235	Leased	0.001607%	0.001811
Gladstone E. Smith, Jr. 3501 Hollingsworth Williamsburg, VA 23187	Unleased Elected Cash Basis	0.000803%	0.000905
James H. Smith and Mary Margaret Smith, his wife 5930 Village Lake Court Richmond, VA 23234	Unleased Elected Cash Basis	0.000803%	0.000905
Phyllis L. Hurley P.O. Box 678 Hurley, VA 24620	Leased	0.000402%	0.000453
Earl Clyde Tester P.O. Box 287 Hurley, VA 24620	Leased	0.000402%	0.000453

LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE WITHIN UNIT
Jerry Thomas Lester and Deborah Lester, his wife P.O. Box 127 Hurley, VA 24620	Unleased Participating	0.000402%	0.000453
John H. Lester and Maria N. Lester, his wife 3021 South Roan Street Johnson City, TN 39601	Unleased Cash Basis	0.000201%	0.000226
Robert F. Lester, Jr. and Jennifer Lester, his wife 620 NW 89th Street Gainesville, FL 32607	Unleased Cash Basis	0.000201%	0.000226
Buchanan Realty Company, LLC c/o John C. Irvin 4710 Hunterwood Circle Richmond, TX 77469	Unleased Participating	0.010846%	0.012222
Helen L. Koetitz and Kenneth F. Kotitz, her husband 511 Shelley Drive Pleasant Hill, CA 94523-4121	Leased	0.005423%	0.006111
Rick Painter, and spouse or heirs 1456 Concordia Avenue St. Paul, MN 55104	Unleased Cash Basis	0.002711%	0.003056
Tim Painter, and spouse or heirs 1456 Concordia Avenue St. Paul, MN 55104	Unleased Cash Basis	0.002711%	0.003056
Martha Lester 1925 South Clearing Road Salem, VA 24153	Leased	0.005423%	0.006111
Malinda A. Cleary and Timothy Cleary, her husband 652 NE 120th Street Biscayne Park, FL 33161	Leased	0.002711%	0.003056

LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE WITHIN UNIT
Lucinda M. Dunford 113 Buck Avenue Rural Retreat, VA 24368	Leased	0.002711%	0.003056
Thomas Riley Lester and Janet Lester, his wife 1285 North 11th Street Wytheville, VA 24382	Leased	0.002711%	0.003056
Charles G. Lester and Patricia Lester, his wife 355 South 6th Street Wytheville, VA 24382	Leased	0.002711%	0.003056
Juanita Lester 534 Lowery Drive, Apt E, Box 13 Abingdon, VA 24210	Leased	0.002711%	0.003056
John Gavin Lester and Lisa Lester, his wife 10163 Counts Lane Abingdon, VA 24210	Leased	0.000678%	0.000764
Sandra Lester Vandyke P.O. Box 1248 Grundy, VA 24614	Leased	0.000678%	0.000764
James William Lester and Melissa Lester, his wife 106 Mays Branch Road Pikeville, KY 41501	Leased	0.000678%	0.000764
Lawrence A. Lester and Arlene Lester, his wife 526 C Street Staunton, VA 24401-2735	Unleased Cash Basis	0.000678%	0.000764
Wachovia Bank, N.A. Trustee for the Francis Bell Blakemore Trust P. O. Box 40062 (FL0027) Jacksonville, FL 32203-0062	Unleased Elected Cash Basis	0.005423%	0.006111

LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE WITHIN UNIT
Bank of America, Trust Department, Trustee Clark Educational Trust P. O. Box 830308 Dallas, TX 75283-0308	Unleased Elected Cash Basis	0.004067%	0.004583
send copy to:			
Bank of America Attn: Ann Brock, Assistant Vice President 1111 E. Main Street, 12th Floor P. O. Box 26688 Richmond, VA 23261-6688			
William A. Blakemore, Trustee 8499 Anderson Court Mechanicsville, VA 23116-3102	Leased	0.005423%	0.006111
John A. Blakemore, Jr., Trustee 9911 Kingsbridge Road Richmond, VA 23233	Leased	0.005423%	0.006111
Sarah B. Drummond, Trustee 1111 South Lakemont, Apt 735 Winter Park, FL 32782	Leased	0.005423%	0.006111
Mary B. Johnston, Trustee 300 Westminister Canterberry, #317 Winchester, VA 22603	Leased	0.005423%	0.006111
BB&T Bank, Roanoke, Virginia, Trustee Martha B. McCrary, Trust 310 First Street, 2nd. Floor Roanoke, VA 24011	Leased	0.005423%	0.006111
Blakemore Family Trust c/o Hicok, Fern and Brown, CPAs Attn: Jiim Fern P. O. Box 821 Abingdon, VA 24212			
W. R. White III, Trustee James L. White Coal Trust 1500 Westbrook Ct. Apt.1145 Richmond, VA 23227-3368	Leased	0.009490%	0.010694

LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE WITHIN UNIT
W.Y.C. White III, Trustee 14210 Helmsley Road Midlothian, VA 23113	Leased	0.009490%	0.010694
James L. White, Trustee P. O. Box 46 Abingdon, VA 24210 James L. White Coal Trust c/o Hicok, Fern and Brown, CPAs Attn: Jim Fern	Leased	0.009490%	0.010694
P. O. Box 821 Abingdon, VA 24212 TRACT 3 - 18.65 Acres in Unit			
Gerald R. Davis and Hester A. Davis, his wife P.O. Box 1260 Grundy, VA 24614 TRACT 4 - 57.05 Acres in Unit	Leased	16.549827%	18.650000
A.S. Richardson Estate Green Charles Estate c/o John H. Baird, Agent P.O. Box 351 Pikeville, KY 41502	Leased	50.625610%	57.050000
Donald R. Johnson Attorney at Law 1950 Electric Road Roanoke, VA 24018			
Totals		100.000000%	112.690000
Total Percentage Leased Total Percentage Unleased		98.364116% 1.635884%	442.2.2.2.2
Total Acreage Leased Total Acreage Unleased			110.846523 1.843477

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INSTRUMENT #080000451
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
FEBRUARY 7, 2008 AT 01:27PM

BEVERLY S. TILLER, CLERK RECORDED BY: NKE